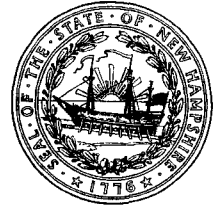




The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

July 8, 2005

Mr. Richard Meleski
Chief Technical Manager
Paper Service Limited
30 Recycle Way
Ashuelot, New Hampshire 03451

**CERTIFIED MAIL (7099 3400 0018 1290 1882)
RETURN RECEIPT REQUESTED**

**LETTER OF DEFICIENCY
No. ARD 2005-010**

Dear Mr. Meleski:

On January 22, 2003, the New Hampshire Department of Environmental Services, Air Resources Division ("DES") conducted a compliance inspection of Paper Service Limited, ("Paper Service") located in Ashuelot, NH. The purpose of the inspection was to determine Paper Service's compliance status with State Operating Permit No. FP-S-0020 ("the Permit"), in effect June 4, 1997 through June 30, 2002, and Env-A 100 *et seq.*, NH Rules Governing the Control of Air Pollution.

On February 5, 2003, DES sent Paper Service a letter outlining the deficiencies identified during the inspection. Specifically, DES requested that Paper Service submit past-due emission statements and past due emission-based fees by March 4, 2003. DES doesn't have any record that it received a response to this request. On June 20, 2003, DES sent an invoice to Paper Service in the amount of \$4,705.96 and requested that Paper Service either submit the payment or provide DES with a payment schedule.

On November 20, 2003, DES received a letter from Paper Service establishing a past-due emission based-fee payment schedule of \$2,700.00 due on November 18, 2003, and \$2,005.00 due on February 18, 2003. On November 20, 2003, DES received a payment of \$2,700.00, but never received the scheduled payment for February 18, 2003, of \$2,005.00.

On March 12, 2004, DES received a revised payment schedule re-establishing a past-due emission based-fee payment schedule with payments of \$2,005.00 due on April 30, 2004, and \$1,914.12 due on June 30, 2004. DES does not have records that it received either of those payments. Once again, on May 19, 2004, Paper Service submitted yet another payment schedule with payments of \$1,050.00 due on May 18, 2004, \$1,434.56 due on June 30, 2004, and \$1,434.56 due on July 30, 2004. On May 19, 2004, DES received a check for \$1,050.00, but never received the other two scheduled payments. On July 14, 2004, DES received a fourth revised payment schedule with payments of \$869.12 due on July 13, 2004, \$1,000 due on August 31, 2004, and \$1,000 due on September 30, 2004. On July 13, 2004, DES received a check for \$869.12, but never received the other two scheduled payments. DES has not received any payments since July 13, 2004.

Paper Service was given an Application for a State Permit to Operate during the inspection on January 22, 2003. DES received Paper Service's Permit Application on February 4, 2003.

This Letter of Deficiency ("LOD") is being sent to formally notify you of the deficiencies identified as a result of the inspection and subsequent file review and the necessary action to resolve them. The deficiencies are as follows:

1. Env-A 608.01 and Env-A 608.02(b) requires the owner or operator of any stationary source or device that has been issued a state permit to operate to submit an application 90 days prior to the designated expiration date of the current state permit to operate. On June 4, 1997, DES issued the Permit to Paper Service. The Permit expired on June 30, 2002 and a renewal application was not filed until February 4, 2003. Accordingly, Paper Service is currently operating the Recycled Paper Products Operation without a permit, in violation of Env-A 608. DES has suspended the processing of Paper Service's permit application until the issues in paragraphs #3 and #4 below are resolved.
2. Env-A 704.04 and Condition VIII.E of the Permit requires Paper Service to submit to DES payment of the emission-based fee and a summary of the calculations referenced in Condition VIII.C. of the Permit for each calendar year by October 15th of the following calendar year. To date, Paper Service has not submitted a summary of calculations for calendar year 2004. Paper Service has not submitted the annual emission-based fee payment for calendar years 1999, 2000, 2001, 2003 and 2004. DES did receive three payments for past-due emission-based fees in 2002, but received none in 1999, 2000, 2001, 2003, or 2004.

DES believes that the above referenced deficiencies can be resolved by Paper Service taking the following actions:

3. Within 30 days of receipt of this LOD, submit the past-due emissions-based fee payment in the amount of \$5,650.12.
4. Within 30 days of receipt of this LOD, submit an annual emission report and summary of calculations for calendar year 2004.

In the event that Paper Service fails to resolve the deficiencies above and within the time periods indicated, DES may initiate further action against Paper Service including issuing an order requiring the deficiencies to be corrected, and/or referring this matter to the NH Department of Justice.

Any payment made pursuant to paragraph #3 above, should be made payable to "Treasurer State of New Hampshire" and sent along with any other information to Sonny Strickland, at the following address:

NHDES Air Resources Division
Compliance Bureau
29 Hazen Drive
P.O. Box 95
Concord, NH 03302-0095

Please be advised that DES will continue to monitor Paper Service's compliance status and that this letter does not provide relief against any other existing or future deficiencies. It is important that Paper Service be aware of all the requirements in its Permit.

Should you need assistance completing the annual emissions reports for emission based fees, please do not hesitate to contact the Small Business Technical Assistance Program at (800)-837-0656 or (603) 271-5629, or Sonny Strickland, Emissions Inventory Supervisor at (603) 271-6283.

Please feel free to contact DES should you have any questions regarding compliance with Env-A 100 *et seq.*, NH Rules Governing the Control of Air Pollution, and the requirements of your current permit. A current copy of the rules can be obtained from the DES website at www.des.state.nh.us/Rules/air.htm, or by contacting the Public Information Center at (603) 271-2975. If you have any questions regarding this matter, please contact Ray Walters at (603) 271-6795.

Sincerely,

Pamela G. Monroe
Compliance Bureau Administrator
Air Resources Division

PGM/ems

Enc.: Emission Based Fees Invoices for CY 1999, 2000, 2001, 2002, 2003, and 2004

cc: R. Kurowski, EPA Region 1
G. Hamel, DES Legal Unit
AFS #3300500035